



## **Tenants' Union of Tasmania**



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# **Submission to 'Tasmania Together - 10 Year Review'**

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**December 2010**

## **Outline of the Role of the Tenants' Union of Tasmania**

The Tenants' Union of Tasmania Inc. (Tenants' Union/TUT) is a body that represents residential tenants in Tasmania. We work to protect the interests and rights of tenants and:

- Seek to improve conditions in rental housing in Tasmania so that accommodation meets acceptable community standards;
- Raise awareness within the community about tenancy issues; and
- Promote legislative change to improve conditions for residential tenants.

We have extensive contact with tenants through our Telephone Advice Line, Drop-In Service, legal representation and community legal education and therefore have intimate knowledge of the situations confronting residential tenants in Tasmania every day.

The Tenants' Union is a Community Legal Centre largely funded by the Tasmanian Department of Health and Human Services and the Commonwealth Attorney-General's Department.

## **Important Issues**

We thank *Tasmania Together* for allowing us to comment on the progress of the 20 year plan at its half way point. Tenants are amongst the most disadvantaged groups in Tasmania, often having low incomes, an unequal bargaining position with landlords and live with the threat of eviction, even if they do nothing wrong during their tenancy. The most important issues for tenants, as a group, can be clustered around three areas (in no particular order): rental availability, rental affordability and rental dwelling quality. The following submission has an overview of each area, discusses Tasmania's performance in each area and evaluates the relevance of benchmarks associated with each area with suggestions where benchmarks are inadequate.

## **Rental Availability**

In the past ten years, Tasmanian vacancy rates for rental properties have fallen from around 6% at the turn of the millennium down to around 2% for the last eight or nine years. Present (December 2010) vacancy rates from SQM Research show regional vacancy rates as follows: Hobart, 1%; Launceston, 1.8%; Burnie, 1.2%; East Coast, 0.6%; West Coast 2.4%. Considering that usually 1 to 2 percent of all rentals are vacant due to 'tenant churn' it is clear that Tasmania has a very tight rental market. Compounding the problem is the decrease in properties owned and managed by *Housing Tasmania*, the main provider in affordable rental accommodation. Between 1996/97 and 2006/07 *Housing Tasmania's* stock fell from 14,056 to 11,673, a fall of 2383 dwellings or 17 percent. According to the ABS Census, in that same time the Tasmanian population grew by 3.5% and the number of households grew by 6%. In 2010, *Housing Tasmania's* stock numbers 11,453.

Such tight rental market conditions expose tenants to the potential of homelessness, increases the number of people homeless and 'sleeping rough' and makes tenants rent housing that is substandard or unsuitable. In addition, a tight rental market (considered to be where vacancy rates are below 3%) results in increased rental costs that decreases choice for those on lower incomes and again forces tenants into substandard or unsuitable housing. Rental affordability and quality will be discussed further below.

### **Rental Availability Indicators**

The only indicator directly related to rental availability is 1.1.6 Public housing waiting times for priority applicants. The strain of a long-term rental dwelling shortage in both private and public sectors is evidenced by the increase of this indicator from 21 weeks to 26 weeks in three years, an actual increase of 24% rather than the targeted 10% decrease from 2005 levels.

The Tenants' Union calls on the State Government to adequately fund Housing Tasmania so that their housing stock can return to 1996/97 levels plus an increase corresponding to the growth in the number of Tasmanian households.

The TUT suggests a second indicator with respect to rental availability (and costs and government priorities) to be included under Goal 1.: Number of people without adequate shelter, measured number of people homeless and number of people 'sleeping rough'. This indicator would measure the human cost of housing scarcity and provide information about how well Tasmania is providing essential services.

Indirect indicators of rental availability such as 1.1.1 Costs of essentials, 1.1.4 Housing Stress and 1.1.5 House Price to Income ratio will be discussed in the following section.

## Rental Affordability

The price of Tasmanian residential tenancies have skyrocketed in the past ten years, as can be seen from the table below.

Table 1. Tasmanian Regions Average Rental Prices 2000-2010 (Source: Anglicare; REIT)

	Hobart			Launceston			North West Coast		
	1 br Unit	2 br Unit	3br House	1 br Unit	2 br Unit	3br House	1 br Unit	2 br Unit	3br House
May 2000	90	125	150	80	110	140	70	110	130
Feb 2010	170	270	330	150	200	270	150	200	230
% Increase	89	116	120	88	82	93	114	82	77

From 2000 to 2010 the average rental increase in Tasmania was 96%, far ahead of the inflation rate for Hobart of 34% and the Australian rate of 36%. A tight rental market and the higher price of house and land assets saw the cost of renting exceed the average increase in prices dramatically.

For low income tenants, decreases in rental affordability impact upon their ability to buy essentials and find suitable housing in an area with adequate services. Many former holiday houses and shacks are now being rented as permanent residencies because they are inexpensive. Unfortunately many are unsuitable with insufficient water, limited facilities and the localities where they are situated have limited services.

Recently Anglicare conducted a study to ascertain how many properties could be rented by people on social security benefits while spending less than 30% of their gross income on rent. In 2010, only 51 out of 399 properties were affordable under this criteria and 23 of the 51 were share houses.

## Housing Affordability Indicators

Indicator 1.1.1, measuring the cost of essentials, shows just how dire things are for low income Tasmanians. In 2001, 72% of a low income couple's income and 73% of a low income two parent family went on (very, very) basics but in 2009, these

figures rose to 75.5% and 88.6 % respectively. These figures were far worse than the 2005 and 2010 targets. In the latest Housing Expenditure Survey conducted by the ABS (2003/4) housing was the largest item for households in the lowest quintile in Tasmania, and since then rents have significantly outstripped inflation.

For low income families to be spending 88.6% of their income, before considering costs of education, information and other items is shameful in a prosperous society. Allegedly, one of the benefits from liberal capitalism is that there is supposed to be more for everybody as wealth rises, but clearly Tasmania's boom has not helped the poorest Tasmanians. Indeed, only the Global Economic Crisis slowed increases in the price of essentials and reduced the low incomes figure to 88.6% of income in 2009, from 94.4% in 2007.

The TUT thinks Indicator 1.1.1 is an effective measure of extreme poverty although education and essential communication should be added to the list of essentials measured. In addition, when water and sewerage becomes a cost borne by the tenant these two essentials should also be added to this measure.

Indicator 1.1.4 measures 'housing stress' which is defined as spending more than 30% of gross income on rent. The percentage of Tasmanian low income earners experiencing 'housing stress' has risen from 21.9% in 2002 to 32.4% in 2009, far in excess of the 2010 target of 15%. It is hardly surprising considering the rise in rents shown in Table 1 earlier. Again, housing costs (i.e. rent) are a significant component of a person's budget, and the more spent on housing the less spent on other essential items.

The TUT considers Indicator 1.1.4 an indicative measure of housing costs for tenants in Tasmania. However, we cannot comment on the validity of the methodology in calculating this measure.

Indicator 1.1.5, which is a ratio of Tasmanian house prices to income, has worsened in the past ten years. The latest figures (2007/08) show that median house prices are 5.4 times average income, far exceeding the 2001/02 ratio and the target ratio for 2010. Barring a prick in the housing bubble, the ratio is likely to remain considerably higher than the target for the medium and long term without policy intervention.

This benchmark is somewhat relevant to tenants because a) there is a positive relationship between house price and rental price and b) a higher ratio shows less home ownership affordability which tends to increase the amount of people renting, which increases demand for rental properties, reducing rental availability and affordability.

Although this benchmark can be seen as somewhat crude as it doesn't include borrowing costs on home loans and takes no account of size and quality of the homes included in the median house price, the TUT considers Indicator 1.1.5 a reasonable proxy for home ownership affordability.

## Tenancy Quality

At the recent *Renting in Tasmania 2010-2020 The Next Decade* conference, there was universal consensus from those at the conference (including agents, tenant and community organisations and government) for minimum standards for all rental housing. This consensus was built on the recognition that some Tasmanian rental housing is substandard and impacts upon health, safety and the quality of life of tenants. The TUT often receives calls from tenants reporting the dark, damp, cramped and dilapidated condition of dwellings they are forced to rent in this tight rental market. When the *Residential Tenancy Act 1997* was enacted the Hobart vacancy rate was around 6% and it was thought that landlords with substandard housing would be 'punished' by not being able to rent the dwelling, forcing them to improve the conditions. With the vacancy rate at or under 2%, dwellings previously left empty were now being rented out to vulnerable and desperate tenants.

The TUT has constantly called for legislation to ensure that all Tasmanian residential dwellings being rented are of an acceptable standards. We hope that amendments to the *Act* will be law by 2012. Without legislation many tenants will continue to live in conditions detrimental to their health, safety and quality of life for the next ten years.

Apart from the standard of the dwelling itself, the protection afforded by the law from the *Act* also affects the quality of life for tenants. Tenants can be given a Notice to Vacate with as little as 14 days to leave, even when they abide by the tenancy agreement. This can lead to tenants feeling unsure and unable to make short to medium term plans and, in some circumstances, leads to homelessness. The Tenants' Union has been calling for legislative amendments to make tenancy more secure, improving tenants' quality of life. The amendments include longer notice periods before tenants are forced to leave and an end to arbitrary evictions. Again, without legislative changes, the quality of tenants' lives will be poorer.

The quality of a tenancy is also related to the access to services and amenities. The Private Rental Tenancy Support Service has reported that many tenants have been driven out of the city by high rental costs and now reside in 'shack' towns with 'holiday' amenities and limited public transport.

### Tenancy Quality Indicators

There are no indicators directly related to tenancy quality, and only a few indirectly related:

#### 1.1.7 Transport accessibility

Access to transport is vital for mobility and employment. It also acts as a proxy measure for access to services. The TUT thinks this indicator is useful to determine if planning and services are keeping up with demographic shifts.

#### 4.1.1 Avoidable mortality

Standard 4.1 implies that health outcomes are related to behaviour modification. The TUT contends that significant health and safety problems are structural and must be considered from a macro-level. Two examples related to tenancy are a) increasing rents creates greater poverty that discourages people to buy healthy and varied food and b) profit motives encourage landlords to rent out substandard housing. Both these are examples of systemic failure and not bad 'choices' on part of the consumer.

The TUT does not have the expertise to analyse how avoidable mortality is measured and therefore cannot judge the effectiveness of the indicator, but they should be based on health outcomes and not simply measure 'healthy lifestyle choices'.

#### 4.2.2 Psychological distress and 5.1.3 Quality of life

Tenancy quality is one of a myriad of factors associated with the level of a tenant's psychological stress and quality of life.

#### 5.2.1 Residents in socially disadvantaged regional areas

Tenants and other residential occupiers should have access to meaningful work, services and infrastructure. This indicator measures regional areas and compares them to the Tasmanian median. The TUT suggests that in addition to this measure, there should be a measurement for all Tasmanians (both city and regional) and should be measured against a benchmark measuring an acceptable level of work, services and infrastructure rather than a relative measure.

The Tenants' Union believes that Tasmania Together should include an indicator directly related to the quality of residential dwellings. This indicator should include all residences (including boarding premises and caravan parks) and could include on top of health, safety, suitability and environmental measurements. At a minimum, residential dwellings should have warm and efficient heating, be free from damp, mould and vermin and should be equipped with adequate facilities.

### **Other Issues Related to Residential Tenancy**

#### 3.2.1 Functional Literacy

Functional literacy is necessary for greater individual autonomy and helps people assert their rights. All Tasmanian residential tenants are covered by the *Residential Tenancy Act 1997* and many tenancies have a written lease. The TUT believes that functional literacy adds to a tenant's ability to advocate for themselves and therefore we support this indicator being included as a benchmark for Tasmania Together. However, we express concern about the slow progress made between 1996 and 2006.

## 5.6 Inclusive Society

People should be able to go about their daily lives without being subjected to racism, sexism, homophobia and discrimination based on disability. Tenants are overtly and covertly discriminated against when applying for properties and whilst being tenanted. The TUT supports having Standard 5.6 as a part of Tasmania Together, but does not think Indicator 5.6.1 and 5.6.2 are effective measures of inclusiveness. The number of complaints to the Tasmanian Anti-Discrimination Commissioner (TADC) could rise because of many factors including awareness, effectiveness and accessibility of the TADC, increasing confidence in the process from the complainant and greater recognition of discrimination from the community. We therefore ask that a new benchmark be considered that better reflects the level of tolerance in Tasmania towards marginalised groups.

### 8.4.2 and 8.4.4 Accessible Government Services

Residential tenants need convenient, accessible *Service Tasmania* branches to lodge their bond with the *Rental Deposit Authority*. Unfortunately, the lack of branches on the West and East Coast means that some tenants have to travel significant distances to their nearest branch, and with the infrequency of public transport, it can make access to government services difficult. The TUT would like to see one or two additional *Service Tasmania* branches on the East Coast and one more branch on the West Coast. This would go some way to ensuring that Indicator 8.4.4 would be met by 2020.

## Conclusion

The Tenants' Union argues that the increased cost of rental properties and housing in general is a major reason for the lack of success in several major *Tasmania Together* indicators. Without affordable housing, poverty worsens and people live in dwellings that reduce their physical and mental wellbeing. And as we said in our campaign to include the right to shelter in a Tasmania Charter of Rights,

“Our homes allow us to build safety, security and freedom in our lives. They provide the base from which we enjoy the rights to work, to vote, to express ourselves and to nurture our children. In other words, adequate housing gives us the platform to pursue all of our other human rights.”

For *Tasmania* to be *Together*, affordable and adequate housing is vital to meet many targets and create a more equitable Tasmania.